

Message Text

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60

ACTION STR-04

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 /106 W

----- 111349

R 121702Z JUL 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 1743

INFO USMISSIN EC BRUSSELS

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ACTION STR

H PASS CODEL

STR FOR IRVIN

E.O. 11652: NXA

TAGS: ETRD MTN

SUBJECT: CUSTOMS MATTERS -RECIPROCITY

1. FOLLOWING INFORMAL DRAFT RECEIVED FROM EC (CHUMAS).
IT HAS NO STATUS WITHIN COMMISSION AND HAS NOT BEEN
CLEARED INTERNALLY.

QUOTE DEAR MR. NEWKIRK: YOU INFORMED ME THAT THE STR
WAS NOW PREPARED TO PUT IN HADN A SUBSTANTIAL PROGRAMME
OF WORK AIMED AT PREPARING A DEFINITIVEUS POSITION ON
POSSIBLE NEW INTERNATIONAL PRINCIPLES AND RULES ON CUS-
TOMS VALUATION WHICH MIGHT BE AGREED IN THE MTN PROVIDED
THAT YOU RECEIVED CERTAIN ASSURANCES ON RECIPROCITY.

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YOU MENTIONED YOUR VIEW THAT THE CHANGES WHICH THE

US

WOULD BE REQUIRED TO MAKE IN THE EVENT OF A NEGOTIATED AGREEMENT WERE LIKELY TO BE MORE EXTENSIVE THAN THOSE MADE BY OTHER COUNTRIES, IF ONLY BECAUSE THE CURRENT US VALUATION SYSTEM IS SO VERY DIFFERENT FROM THE VALUATION SYSTEMS APPLIED BY THE VAST MAJORITY OF COUNTRIES. BECAUSE OF THIS YOU FELT IT NECESSARY, BEFORE YOUR WORK PROGRAMME IS BEGUN, TO ASK FOR ASSURANCES THAT THE EUROPEAN COMMUNITIES STILL ATTACH IMPORTANCE TO NEGOTIATING CHANGES IN THE US VALUATION SYSTEM AND THAT, IN THE EVENT OF THE US MAKING SIGNIFICANTLY GREATER CHANGES THAN OTHER COUNTRIES, ADEQUATE RECIPROCITY WILL BE FORTHCOMING.

I AM HAPPY TO BE ABLE TO ANSWER YOU THAT THE EUROPEAN COMMUNITIES ATTACH GREAT IMPORTANCE TO A GENERAL SIMPLIFICATION, CLARIFICATION AND HARMONISATION OF CUSTOMS VALUATION RULES IN THE CONTEXT OF THE MTN. \$, IN PARTICULAR, TO SIGNIFICANT IMPROVEMENTS IN THE US VALUATION SYSTEM, THE CURRENT COMPLEXITIES AND UNCERTAINTIES OF WHICH REPRESENT, IN THE OPINION OF OUR EXPORTERS, A VERY REAL NON-TARIFF BARRIER.

AS YOU ARE AWARE, THE EUROPEAN COMMUNITIES ARE VERY READY TO EXAMINE IN A CONSTRUCTIVE FASHION ALL POSSIBLE CRITICISMS OF THEIR OWN VALUATION LAWS AND TO MAKE ANY CHANGES WHICH MAY BE APPROPRIATELY NEGOTIATED IN THE MTN. IT IS, AS A CONSEQUENCE, EXCEEDINGLY DIFFICULT TO SAY AT THIS MOMENT IN TIME WHERE THE BALANCE OF ADVANTAGE MAY LIE AT THE END OF THE DAY AND TO ACCEPT THAT THE US WILL NECESSARILY BE ENTITLED TO COMPENSATION. NEVERTHELESS, CUSTOMS VALUATION, LIKE ALL OTHER SECTORS OF THE MTN, IS CLEARLY COVERED BY THE AGREEMENT ON RECIPROCITY INCLUDED IN THE TOKYO DECLARATION. THE COMMUNITIES STAND BY THE SPIRIT AND LETTER OF THAT DECLARATION WHICH YOU WILL RECALL SAYS THAT "THE NEGOTIATIONS SHALL BE CONDUCTED ON THE BASIS OF PRINCIPLES OF MUTUAL ADVANTAGE, MUTUAL COMMITMENT AND OVERALL RECIPROCITY... PARTICIPANTS SHALL JOINTLY ENDEAVOR IN THE NEGOTIATIONS TO ACHIEVE, BY LIMITED OFFICIAL USE

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APPROPRIATE METHODS, AN OVERALL BALANCE OF ADVANTAGES AT THE HIGHEST POSSIBLE LEVEL." IT FOLLOWS BOTH FROM THE TOKYO DECLARATION AND FROM THE REALITIES OF THE NEGOTIATIONS THAT, AT THE END OF THE DAY, AN AGREEMENT ON CUSTOMS VALUATION CAN ONLY BE REACHED IF ALL THE PARTIES CONCERNED ARE SATISFIED THAT THEY ARE RECEIVING ADEQUATE RECIPROCITY FOR THE CHANGES IN THEIR VALUATION SYSTEMS WHICH THEY ARE PREPARED TO MAKE.

I HOPE THAT THESE ASSURANCES ARE SUFFICIENT TO
ENABLE YOUR ADMINISTRATION TO MOVE FOR-
WARD IN YOUR WORK ON VALUATION IN AN EXPEDITIOUS AND
EARNEST MANNER. YOURS SINCERELY, H. CHUMAS. UNQUOTE.

2. ACTION REQUESTED: YOU REACTION AS SOON AS
POSSIBLE SO THAT WE CAN CONVEY IT TO CHUMAS.WALKER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENT DRAFT, CUSTOMS DUTIES, CUSTOMS ADMINISTRATION
Control Number: n/a
Copy: SINGLE
Draft Date: 12 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MTNGE05505
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760268-0816
From: MTN GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760768/aaaachul.tel
Line Count: 123
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 06 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 APR 2004 by BoyleJA>; APPROVED <06 APR 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CUSTOMS MATTERS -RECIPROCITY
TAGS: ETRD, MTN, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006